

photography, keyframe animation, in-between animation, animation photography, and the recording of voice acting performances for the production consists of days during which such activities take place in such areas.

(v) *Establishing qualification.* An owner intending to utilize the higher aggregate production costs limit under this paragraph (b)(2) must establish qualification under this paragraph (b)(2).

(vi) [Reserved] For further guidance, see § 1.181-1T(b)(2)(vi).

(c) *Effect on depreciation or amortization of a qualified film or television production—(1) Pre-amendment production.* Except as provided in §§ 1.181-1(a)(3)(v) and 1.181-2(a)(2), an owner that elects to deduct production costs under section 181 for a pre-amendment production may not deduct production costs for that production under any provision of the Internal Revenue Code other than section 181 unless the recapture requirements of § 1.181-4(a) apply to the production.

(2) [Reserved] For further guidance, see § 1.181-1T(c)(2).

[T.D. 9551, 76 FR 60724, Sept. 30, 2011, as amended by T.D. 9552, 76 FR 64817, Oct. 19, 2011]

§ 1.181-1T Deduction for qualified film and television production costs (temporary).

(a)(1)(i) [Reserved] For further guidance, see § 1.181-1(a)(1)(i).

(ii) This section provides rules for determining the owner of a production, the production costs (as defined in paragraph (a)(3) of this section), the maximum amount of aggregate production costs (as defined in paragraph (a)(4) of this section) that may be paid or incurred for a pre-amendment production (as defined in paragraph (a)(5) of this section) for which the owner makes an election under section 181, and the maximum amount of aggregate production costs that may be claimed as a deduction for a post-amendment production (as defined in paragraph (a)(6) of this section) for which the owner makes an election under section 181. Section 1.181-2 provides rules for making the election under section 181. Section 1.181-3 provides definitions and rules concerning qualified film and tel-

evision productions. Section 1.181-4 provides special rules, including rules for recapture of the deduction. Section 1.181-5 provides examples of the application of §§ 1.181-1 through 1.181-4, while § 1.181-6 provides the effective date of §§ 1.181-1 through 1.181-5.

(2) through (5) [Reserved] For further guidance, see § 1.181-1(a)(2) through (a)(5).

(6) *Post-amendment production.* The term *post-amendment production* means a qualified film or television production commencing on or after January 1, 2008.

(7) [Reserved] For further guidance, see § 1.181-1(a)(7).

(b)(1)(i) [Reserved] For further guidance, see § 1.181-1 (b)(1)(i).

(ii) *Post-amendment production.* Section 181 permits a deduction for the first \$15,000,000 (or, if applicable under paragraph (b)(2) of this section, \$20,000,000) of the aggregate production costs of any post-amendment production.

(iii) [Reserved] For further guidance, see § 1.181-1(b)(1)(iii).

(2)(i) through (v) [Reserved] For further guidance, see § 1.181-1(b)(2)(i) through (b)(2)(v).

(vi) *Allocation.* Solely for purposes of determining whether a production qualifies for the higher production cost limit (for pre-amendment productions) or deduction limit (for post-amendment productions) provided under this paragraph (b)(2), compensation to actors (as defined in § 1.181-3(f)(1)), directors, producers, and other relevant production personnel (as defined in § 1.181-3 (f)(2)) is allocated entirely to first-unit principal photography.

(c)(1) [Reserved] For further guidance, see § 1.181-1(c)(1).

(2) *Post-amendment production.* Amounts not allowable as a deduction under section 181 for a post-amendment production may be deducted under any other applicable provision of the Code.

[T.D. 9552, 76 FR 64817, Oct. 19, 2011]

§ 1.181-2 Election to deduct production costs.

(a) *Election—(1) In general.* Except as provided in paragraph (a)(2) of this section, an owner may make an election under section 181 to deduct production costs of a production only if that owner